

Prepared by virtue of Law 22 of 2005 by the President of the Syrian Arab Republic

By virtue of Decree 50 of 2009 by the President of the Syrian Arab Republic

THE LAW OF THE SYRIAN COMMISSION ON FINANCIAL MARKETS AND SECURITIES

Article 1:

The words and terms used herein shall have the following meaning assigned to them, unless the context otherwise requires.

The Commission : The Syrian Commission on Financial Markets and Securities

The Board : The Commission's Board Of Commissioners

The Chairman of the Board : The Chairman of the Board of Commissioners – the Chief Executive of the Commission

Securities :

- Tradable stocks
- Tradable debt instruments issued by the government or corporations
- Any financial instruments representing corporate profits
- Any other financial instruments the Board believes necessary to include

Financial Markets : The markets organizing securities trading that shall be established in the Syrian Arab Republic according to the provisions of this Law

Article 2:

(a) An organizing entity, known as the Syrian Commission on Financial Markets and Securities, shall be established in the Syrian Arab Republic to be related to the Prime Minister. It shall have a legal identity with financial and administrative autonomy. The headquarters shall be in Damascus.

(b) The Commission shall have the broadest competencies needed to carry out the tasks and functions assigned to it to achieve its objectives.

(c) The Commission is banned from carrying out any profit-making activities, lending money, and/or issuing securities.

Article 3:

(a) The Commission shall achieve the following major objectives:

- 1- It shall organize and develop the financial markets and the related activities and practices to achieve justice, competence and transparency and reduce the risks related to the securities transactions.
- 2- It shall protect people and investors in securities from unfair and illegal practices, fraud, deceit and/or manipulation.
- 3- It shall encourage investment and saving activities to the best interest of the national economy.

(b) The Commission shall be the authorized entity to issue directives and carry out all functions to achieve its objectives, as follows:

- 1- to organize and oversee the full disclosure of securities information;
- 2- to organize and control securities issuing and trading;
- 3- to organize and control the activities of the entities supervised and monitored by the Commission;
- 4- to monitor the financial markets.

Article 4:

(a) The Board of Commissioners shall consist of seven expert Syrian members, four of whom are full timers, including the Chairman and his deputy.

- Chairman of the Board of Commissioners/ Chief Executive/ President	Chairman
- A commissioner	Deputy Chairman
- Deputy Minister of Finance	Member
- Deputy Minister of Economy and Foreign Trade	Member
- Deputy Governor of the Central Bank of Syria	Member
- Two commissioners	Members

(b) The Chairman and the Board members shall be designated in a decree defining their salaries and remunerations.

(c) The Secretary of the Board shall be appointed by a Board decision.

(d) The term of membership is four renewable years. However, renewable only once for the Chairman and his Deputy. The Board member shall retain his membership after its expiry until a successor is appointed.

Article 5:

The Prime Minister shall issue the Commission's regulations in a resolution based on the proposal by the Board of Commissioners.

Article 6:

In accordance with the provisions of this Law, regulations, directives and decisions issued thereto, the entities under the control and supervision of the Commission shall be as follows:

- Issuers;
- Licensed financial services companies;
- Licensed banks, investment companies and collective investment schemes;
- Financial markets;

- Accredited accounting and auditing firms and offices.

Article 7:

The Board shall execute all of the Commission's tasks stated in this Law, and the regulations, rules and directives issued thereto, including:

- 1- To set conditions and terms for issuing securities;
- 2- To enact policies that help achieve the Commission's tasks and objectives;
- 3- To approve securities offering and adopt the prospectus thereof;
- 4- To provide suggestions for the governmental bodies to develop the financial sector, and protect securities dealers and investors;
- 5- To grant licenses to financial services companies to practice activities in the Exchange and accredit the licenses issued according to this Law; and to restrain, suspend, halt or revoke, when necessary, the licenses of any entity under the control and supervision of the Commission;
- 6- To suspend the operations on the Exchange for a period not exceeding one day, and to suspend it for more than one day when necessary and upon a decision of the Prime Minister based on a proposal by the Board of Commissioners.
- 7- To approve, cancel or suspend the listing of a Syrian security that is tradable in a financial market outside the Syrian Arab Republic.
- 8- To suspend the issuing of a security, or prevent listing or suspend trading in any security on the Exchange when the Commission deems it necessary.
- 9- To specify the charges for issuing and renewing licenses of entities under the supervision and control of the Commission, and to approve the charges fixed for the prospectus.
- 10- To enforce fines on contraveners in accordance with the provisions of this Law.
- 11- To fixing maximum and minimum commissions to be charged by the financial services and brokerage companies from their clients, and to approve on other charges and commissions charged by the financial markets.
- 12- To approve the accounting, auditing and performance assessment standards the entities under the control of the Commission must abide by, and to identify the terms and conditions that the qualified auditors of entities under the control and supervision of the Commission must fulfill.
- 13- To define the contents of the annual and periodic financial lists, statements, reports and documents that shall be presented by the entities that offer securities to the public or list securities on the Stock Exchange.
- 14- To define the data and information to be included in the issuing prospectus of security-issuing companies and entities.
- 15- To issue the Executive Regulations, decisions and procedures necessary to put the provisions of this Law into practice.
- 16- To propose the Commission's internal by-law and other regulations.
- 17- To set up the Control Regulations for the entities under the Commission's supervision according to the provisions of this Law.
- 18- To prepare regulations and legislation for/of securities.
- 19- To appoint an auditor licensed to audit the Commission's financial statements and accounts.
- 20- To prepare the Commission's annual draft budget and submit it to the Prime Minister for approval.

Article 8:

Any of the Commission's Board members and/or employees has to submit a statement to the Commission disclosing all the Syrian and non-Syrian securities listed in the Syrian Stock Exchange owned or controlled by him or any of his first-degree relatives. He also has to inform the Commission about any changes within seven days of his knowledge, else he shall have his membership canceled or shall lose his job with the Commission.

Article 9:

- (a) The Commission's full-time Board members and employees are prohibited from pursuing any job or profession or having any post in a governmental institution or in any public or private establishment. All Board of Commissioners members are banned from giving advice to private companies and establishments.
- (b) Employees of the Syrian Commission on Financial Markets and Securities shall be subject to the Commission's Employees Regulations issued by the Prime Minister based on a proposal by the Board of Commissioners having coordinated with the Ministry of Finance.

Article 10:

The Chairman of the Board shall be the Commission's Chief Executive and the executor of its policies; he shall be responsible for its management and payment orders undertaking the following:

- 1- To implement the Board decisions;
- 2- To exclusively or jointly sign the Commission's reports, accounting statements, financial lists, documentations and correspondence according to the Commission's regulations;
- 3- To represent the Commission before the court or others.

Article 11:

- (a) The Board Deputy Chairman shall carry out all functions and tasks of the Chairman in his legal absence or in the vacancy of his post.
- (b) The Chairman is entitled to delegate some of his powers to another Board member or employee, provided that the authorization is written and time bound.

Article 12:

- (a) The Board shall hold a meeting at least once per month upon a request by the Chairman or the majority of its members. To achieve quorum, a majority must be present including the chairman or his deputy.
- (b) The Board decisions shall be taken by majority votes.
- (c) The Commission's internal by-law shall define the preconditions/terms for holding a meeting and its requirements, including convocation.

Article 13:

- (a) The Commission shall have an autonomous budget. The fiscal year starts on the first of January and ends on the thirty-first of December.
- (b) The Commission shall keep a general reserve – double the expenses listed in its previous annual budget. The reserve shall be taken from the Commission's surplus after deducting all the necessary capital and current expenses, the proportion deemed as an incentive for the Board members and staff of the Commission, and the proportion deemed necessary by the Board to be allocated to the Damascus Securities Exchange. Extra amounts shall be rendered to the Ministry of Finance.
- (c) The aforementioned proportions shall be specified in a decision by the Prime Minister based on the proposal of the Board of Commissioners and the approval of the Minister of Finance.
- (d) Should there be a deficit in the Commission's budget for any fiscal year, it shall be covered from the general reserve. If the general reserve is not sufficient to cover the deficit the Ministry of Finance shall cover it.

Article 14:

The Commission's funds shall be constituted of the following:

- A. The commissions and charges collected according to the provisions of this Law and the regulations issued thereto.
- B. Financial fines imposed on contraveners according to the provisions of this Law.
- C. The assistance, donations and grants the Commission obtains upon the approval of the Prime Minister.

The Commission's charges and commissions are imposed on the following:

- A. Registering Issuance and granting security-issuing licenses.
- B. Listing or approving securities trading in the financial market.
- C. Trading and transferring securities ownership.
- D. Authorizing or granting licenses for financial services and brokerage companies or investment corporations.

E. Other services proposed by the Board and approved by the Prime Minister.

Article 15:

The Chairman of the Board shall submit an annual report to the Prime Minister on the Commission's work and its financial status in the previous fiscal year within a period of three months from end of the fiscal year.

Article 16:

The Commission has the right to carry out examination, inspection or auditing to determine if an entity has committed a breach or taken preparatory procedures for a breach of any of the provisions of this Law and the regulations, directives and decisions issued thereto. The Commission is entitled to audit and get copies of the documentations, book entries and records of any entity under its control and supervision, and carry out inspection with or without prior notice.

Article 17:

- (a) The Board shall impose a fine of no less than 100,000 and no more than 1,000,000 Syrian Liras for the account of the Commission, as compensation for the following contraventions:
- 1- To violate the regulations, directives and decisions issued by the Commission according to the provisions of this law.
 - 2- To refrain from providing the Commission with the required documentations in the specific periods and deadlines.
 - 3- To approve attractive financial analyses inconvenient to the company's financial status.
 - 4- Not to provide investors with the issuing prospectus approved by the Commission.
 - 5- To violate the Commission's instructions on the nature of the information and data included in the issuing prospectus.
- (b) Fine imposed shall be collected by virtue of Article 17 herein from the contravener directly, and by virtue of the Public Money Collection Law in the event of failure of the contravener to settle the fine.
- (c) The Board shall issue a list of the contraventions and their related fines.

Article 18:

- (a) The Board shall remit the following cases to the court:
- 1- To provide inaccurate or misleading information, data or documentation to the Commission.
 - 2- To offer or sell securities based on inaccurate or misleading information concerning the securities rights and advantages, or the issuing companies' work field and financial status.
 - 3- To use one's post or access to internal or confidential information on securities to make material or moral gain, or disclose such information to entities other than the concerned source or court.

- 4- To spread rumors or pass on inaccurate and misleading information on securities to affect their prices or the issuing company's reputation.
 - 5- To certify as an auditor or accountant any inaccurate, misleading statements or statements contravening the Accounting Standards and International Standards on Auditing.
 - 6- To sell or dispose of securities without a written authorization from the owner or an authorizing agreement.
 - 7- To sell securities without an issuance prospectus approved by the Commission.
 - 8- To provide any financial, investment or brokerage services on securities without a license or approval by the Commission.
 - 9- Any deception, fraud or manipulation on the issuance, trading or ownership transfer of securities or any misleading practice or propaganda concerning any work field or activity licensed by the Commission.
- (b) Notwithstanding any heavier penalties quoted in the laws and regulations in force, any contraveners who committed a breach listed in paragraph (a) of this Article shall receive an imprisonment sentence for no less than three months and not exceeding three years, and shall pay a fine of no less than 300,000 and no more than 3,000,000 Syrian Liras.
- (c) Board members, executive officers, general partners and employees of the legal person in question shall be considered liable for the contravention unless their unawareness is proved.

Article 19:

The undisclosed information that the Commission's Board members and staff have access to shall be confidential on legal liability. Yet, the Board is entitled, for justified reasons and for the protection of the investors, to exchange and disclose necessary information.

Article 20:

Subject to the laws and regulations in force, public establishments and others must provide the Commission with the necessary documentation and information to carry out its duties according to the provisions of this Law.

Article 21:

- (a) The Commission's accounts, after being audited by the accredited auditor, shall be reviewed by the Financial Control Central Agency, which shall submit a report on that to the Prime Minister.
- (b) The Chairman and Board members shall be discharged after the budget results and the closing accounts are approved by the Financial Control Central Agency in a period not exceeding one years from the end of the fiscal year in question.

Article 22:

- (a) The Commissioners' Board shall prepare a draft for the Stock Exchange Law in six months since the Board members are appointed.

(b) The Commissioners Board shall issue the Executive Regulations necessary to implement the provisions of this Law in six months since the Board members are appointed.

Article 23:

This law shall be published in the official gazette.